

A PLAN OF ACTION
for
THE GREATER NEWARK BUSINESS COMMUNITY
to resolve
THE CRISIS IN OUR CITY

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GENTLEMEN:

First of, permit me to express our thanks to all of you for taking time from hectic schedules to meet today to consider a PLAN OF ACTION designed to begin an organized and effective attack on the corrosive human and physical conditions you saw first hand as you toured portions of Newark's ghetto on those hot days in August. Many of you speculated privately on how could human beings live under such conditions...particularly the children. At the same time, many of you verbalized the thought that this is such a massive job of human and physical rehabilitation that one would not even know where to start.

It is, of course, a massive job, but thinking only in the context of how big it is leads only to immobilization on the part of those in a position to bring about change, and further frustration on the part of those who bear the dual burden of being poor and black in our town today. May I call your attention to Dr. Nathan Wright's most recent book "READY TO RIOT" as an excellent document of how we got to where we are in Newark today. May I call your attention to the following recommendations as a blueprint of how business and industry leadership can join forces with the disadvantaged in an unprecedented partnership to rebuild a city and its people.

It is expensive, in terms of human and financial resources. It covers many areas, though certainly not all. The ideas suggested are uniquely suited to solution by business and industry, but their implementation will require a major commitment of money, creativity, talent and understanding. Arnold Toynbee reminds us that 19 of the 21 civilizations in history which have died, have died from within, primarily from inaction. We cannot afford to be number 20. LET US BEGIN.

EDUCATION

The Public School System in the City of Newark is in a state of crisis, brought about by a combination of factors. These include overcrowded classrooms, aging and inadequate physical plants, a serious shortage of qualified teachers, a public image which makes the recruiting of new teachers difficult, a system of examinations which inhibits mobility within the system and makes it difficult to recruit top administrative personnel from without the system, and a bureaucratic structure which inhibits meaningful innovation and change: The dropout rate is among the highest in the nation; and finally a capital budget totally inadequate to deal with the building requirements made by the size and nature of the school population of the city.

The Governor's Committee recommended a state take-over of the Public School System in Newark as a possible solution to the crisis in which the Commission found the school system. That recommendation has caused considerable controversy, and whether or not it will be implemented is up for serious question at this point. Even if the recommendation is eventually implemented, it will certainly be a long time before it happens.

In the meantime, the crisis in Newark's public schools continues to escalate. It is clear to all concerned that our students generally perform at considerably lower levels than the national norms. Industry recruiters have found a large percentage of the graduates of the public schools to be functionally illiterate, unable to pass the entrance examinations for the lowest entry jobs. This crisis demands that immediate, creative and innovative steps be taken to bring about some change in this situation. There are several programs which can be undertaken by industry, and the net effect of these is to build a working partnership between business and schools which will accrue to the benefit of both.

The first of these is the commitment of human and financial resources to the establishment of Street Academies. This program, operational in Harlem after

eleven years of research and four years of actual successful operation, is designed to get the ghetto dropout back into school. Examine for a moment the importance of this in Newark. Surveys show that the dropouts are all too often the brightest of the students, but are bored and unchallenged. Others have called the ghetto dropout "social dynamite." This paragraph from the U. S. Riot Commission Report substantiates that characterization ... "The typical rioter was a teenager or young adult, a lifelong resident of the city in which he rioted, a high school dropout...He was proud of his race, extremely hostile to both whites and middle-class Negroes, and although uninformed about politics, highly distrustful of the political system." This is precisely the teenager to which the Street Academy offers a positive alternative. What is the role of business here? The State Legislature, in an unprecedented move, appropriated about half a million dollars to assist in the establishment of a Street Academy program in New Jersey. Each storefront Academy however, needs the sponsorship of one company...or even the joint sponsorship of more than one. This entails a tax deductible financial grant, and active advisory involvement, with the full managerial resources of the company available to assist "their" Academy.

It is somewhat ironic to note that for several years now, Harlem Street Academy youngsters have been bused to Newark every day to attend Newark Preparatory School on lower Broad Street, because Newark Prep has developed a philosophy and program and faculty which has proved most successful in bringing these kids back into the mainstream of opportunity. Think of the irony...that we have a resource such as Newark Prep right here, but it is forced to provide its unique services to Harlem because we have no such program.

A second consideration is the construction by private industry of schools which can then be leased to the Public School System under the provisions of the New Jersey law signed by Governor Hughes in July which authorizes such lease-backs

on terms up to forty years. Utilization of new building techniques, such as the School Construction Systems Development in California, would permit the rapid construction of school buildings at costs considerably lower than traditional plans now require. Such a program would make available school facilities without cutting into the Board of Education's woefully inadequate capital funds. Imagine how important this would be in a city which is now more than 10,000 seats short of the number required for the size of the school population. In such a new facility, built utilizing the expertise and financial resources of industry, controlled experiments using the latest teaching devices could be undertaken; experience in community coordination and control could be developed. Quite aside from the educational values possible here, the psychological impact in a community which stands almost continually in conflict with the educational establishment would be immeasurable.

There is another possibility which warrants serious consideration by the business community...the "school and industry partnership" concept, such as Michigan Bell Telephone has developed with the ghetto-based Northern High School in Detroit. Operated jointly by the Detroit Board of Education and Michigan Bell, the corporate staff people have helped prepare students for the world of work, and have aided teachers and administrators in providing high quality, relevant education. The company's best interests are being served, since they are recruiting directly from the school. At the same time, the problem-solving ability of American business is bringing efficiency and relevance to a public ghetto school.

The Newark educational crisis boils just beneath the surface at another level. I'm sure that most of you are aware of the success of the Newark Pre-School Council program, funded by OEO to provide a learning-preparation for poverty youngsters. Designed to give them at least an equal chance when they enter the public school system, this program in Newark and similar ones across the nation have been hailed as perhaps the most successful of the anti-poverty programs.

Over the past two years, however, almost half a million dollars has been cut out of the pre-school program here because of politically motivated economy moves in Washington. It is probable that there will be even further cuts in the federal funding, and at best it is unpredictable.

Under such circumstances, two alternatives are readily apparent. The first is to permit, through inaction, the strangulation and eventual death of the program. The second is for the business community to provide the leadership to develop a campaign to raise from the private sector the money necessary not only to continue this program, but to dramatically expand it.

There is one final educational situation which requires immediately a commitment of the human resources in the business community. The Mayor and Board of Education have recently announced an 87-million dollar school construction plan, which has been hailed as a major breakthrough in our school facility problems. An examination of the plans, however, raises the question of the soundness of these plans, and whether or not this isn't basically the same building program which was announced in September of 1965 at a cost of 40 million dollars. It is my feeling that the Board of Education would welcome an evaluation of all of the aspects of this plan by experts in real estate, finance, engineering, and architecture, and government, which could be provided by the business community. I can say without reservation that the parents and taxpayers of the city would consider this a major contribution to the future of the school system.

ECONOMIC DEVELOPMENT

The following recommendations relate to programs designed to catalyze the economic development of the black ghetto. The recommendations are made with full knowledge of the difficulties inherent in proposing economic programs for a geographically defined segment of a total city, but at the same time, with a strong belief that the development of the ghetto cannot be accomplished by the same processes which are applied to more viable segments of the community. Only after this special infusion of money, time and human resources are provided in massive quantities, can we then begin to treat the ghetto areas as any other part of the city. The private sector has a unique role to play here, which cannot be accomplished by any other institution in our society.

The Urban Coalition recommends business support in the following ways to accomplish the goal of making the ghetto a viable economic part of our city:

Efforts are now underway to organize and charter a black controlled bank in the city. The benefits of a full service commercial bank with a special concern for the financial needs of the minority community are obvious, and have been recognized and widely acclaimed through the performance of Freedom National in Harlem, Seaway National on the Southside of Chicago, Unity in Roxbury, etc. Existing business firms and financial institution can provide strength and stability for such a venture through the loan of technicians to assist in the mechanics of establishing the bank; through a commitment to deposit corporate funds; the purchase of stock, etc. You will be interested to know that the State of New Jersey has indicated a willingness to consider placing State demand deposits in such a bank, if established. This act alone, on the part of the City of New York, has proved a major stimulus in making Freedom National more productive to the Harlem community.

Another key to the rapid development of a viable minority business community is to make more readily available capital in the form of business loans. The difficulties of securing such capital by minority businessmen who may have difficulties meeting the traditional standards for such loans is now universally recognized as one of the major stumbling blocks in efforts to develop stable minority businesses.

I am pleased to report that just a week ago, the three major banks in Newark... First National State, National Newark and Essex and Fidelity Union, agreed to establish a pool of one million dollars to be made available to minority entrepreneurs through a joint effort with the Small Business Administration, the Interracial Council for Business Opportunity. This program will be coordinated by the Urban Coalition, and represents a unique merging of the resources of the federal government, private banks and a privately supported, community-based organization. All of the agencies involved in this important commitment are to be commended, and it is our hope that other banks in the community may wish to join in this effort.

There is another project related to the area of banking which has been initiated but which has not come to fruition because of an incomplete commitment by the private sector. The State of New Jersey, through the Department of Community Affairs, has undertaken to set up a personal loan program for low-income residents. Implementation of this program requires creating a guarantee fund from private sources of \$150,000 to match the \$150,000 being committed by the State. Some \$90,000 has been committed to the guarantee fund to date, but the balance of \$60,000 must be committed before this program can be implemented.//The Urban Coalition is now in the process of establishing a COMMUNITY DEVELOPMENT CORPORATION, which hopefully will serve as a major catalyst in the area of economic development. Once again we hope to bring together the unique resources of government, through a grant from the Department of Commerce for the initial money for the administrative costs for staff, etc; the community through their participation as Directors who will

establish the priorities for the Corporation; the State has committed its resources of technical assistance and some funding.

A major purpose of the DEVELOPMENT CORPORATION will be the purchase of existing businesses in the ghetto area; and to assist in the creation of new businesses which will have minority ownership and managership. It will be one of the goals to become involved in businesses which are job producing, and which are either service or product producing, with a market inside and outside of the ghetto. The CORPORATION will be non-profit, but the businesses acquired by the CORPORATION will produce profits. The CORPORATION will utilize such profits to establish management training programs and other non-profit services which the community must have.

The role of the established business community here is critical. The success of such a project will require an extensive commitment of experts in finance, law, real estate, marketing, research, training, advertising, etc. In its initial stages, such talent cannot possibly be purchased by the CORPORATION, and therefore must be loaned. In addition, it will be necessary for the CORPORATION to sell stock to provide the seed capital to successfully launch it, and it is hoped that such offering will be received readily by private investors. Once again, this project brings together the unique resources of a variety of forces in the community, with the dual goals of profit and community development.

The Coalition has received assurances of support for this ambitious project from the state and federal governments, and endorsement and a willingness to participate from representative of the ghetto community. The key element which remains to be achieved is the commitment of the business and financial community.

HOUSING

Under the "umbrella" of the COMMUNITY DEVELOPMENT CORPORATION will be established a vehicle which will serve in effect as a Housing Development unit. Its purpose will be to catalyze the efforts underway to provide a major supply of new and rehabilitated housing. The need for this is so apparent as not to warrant comment, except to say that I know all of you must have been impressed and even shocked at some of the housing conditions you saw during the tours through the ghetto. Tensions growing out of housing problems have been, and continue to be, a primary source of instability in the community, and as yet no effective vehicle has been established to effectively attack this problem.

The housing thrust of the COMMUNITY DEVELOPMENT CORPORATION will provide financial and technical assistance to community groups which wish to sponsor low and middle income housing construction under various federal and state-assisted legislation... but who lack the financial resources and technical expertise required to move from desire to implementation. It will also permit examination of new building techniques and materials which might serve to substantially reduce the costs and time factors required for building here. Such creative innovation is going on all over the nation, but somehow, not in Newark, although we have some of the most critical housing problems in the nation.

In addition to the assistance to be provided by this effort, a commitment for adequate long-term financing must be made to community groups which serve as Sponsors for such housing. The insurance industry has taken the lead in this area, with their commitment of one billion dollars to the nation's ghettos, but a similar commitment, appropriate to Newark, must be made here by all institutions engaged in such investment financing. Only with this kind of total commitment from the private sector, coupled with the state and federal guarantees and inducements, can the critical housing needs here be attacked successfully.

GENERAL COMMUNITY WELFARE

Once again, I call upon you for a "people-commitment," but this time without even attaching a price tag. You all remember the garbage and debris which littered virtually every street we toured; the abandoned automobiles and the obvious dangers they represent to the health and welfare of residents in the area, particularly children. Add to these your recollection of the abandoned and half-destroyed buildings in block after block, many of which have stood in such disrepair for years. Blatant violations of the city building and housing codes were apparent at every turn.

It seems to me that the business leadership of this community can provide a major and immediate service to the citizens who have to live in those areas, by launching an inquiry into the reasons these conditions exist and persist. This would require the formation of a Committee of Concerned Business Leadership to look into all facts surrounding these conditions. Corrections of these abuses would go a long way to rebuilding the faith of those who live there that somebody does care... somebody who is in a position to do something about it.

COMMUNITY PHILANTHROPIC FOUNDATION

My final recommendation again affords the opportunity for a unique and unprecedented partnership between the community and business...with measurable benefits accruing to all and to the total city. I propose the establishment of a COMMUNITY PHILANTHROPIC FOUNDATION, with a Board of Trustees comprised of representatives of the minority community. The objective of this tax exempt Foundation will be to permit community participation in the decision making processes of determining how a portion of the "corporate philanthropic dollar" will be spent in the community.

Implementation of this idea requires that a portion of the money already being given by corporate, business and foundation sources be channeled directly into

the COMMUNITY FOUNDATION, thereby permitting the trustees to establish the priorities for the dissemination of philanthropic dollars which are earmarked for their community.

Examine for a moment the values accruing from such a plan. It will immediately permit community residents to become aware of the difficulty in giving money away responsibly, and I'm sure they will be surprised and even dismayed to learn of the great number and variety of appeals for funds which you are now receiving.

Secondly, this procedure will assure that contributions are being made to those projects which community representatives themselves determine to be most important. It is often difficult, if not impossible, for corporate executives to make such determinations with any degree of accuracy and consistency.

Thirdly, this procedure would lessen the time-consuming and often frustrating task of the executives who serve on contributions committees, since many of the requests they formerly processed will now be acted upon by others. It will also put the burden of saying no on another set of shoulders.

The Urban Coalition would welcome the opportunity of undertaking the task of setting up and administering such a FOUNDATION.

SUMMARY

I have presented a large order of programs and projects which I believe warrant endorsement and support by the business community of Newark and vicinity. Some can be implemented through the Urban Coalition, others directly by you. I am apologetic neither for the magnitude of the challenge presented here, nor for the variety of recommendations. Our city is in deep trouble, and a massive commitment is required now if we mean it when we say we propose to aggressively attack the problems which are now so obvious to all of us.

SUMMARY, Continued

I urge your endorsement of these proposals, and your individual and collective commitment to their implementation. You will need to engage the total business community, not just those of you here today.

This is, in effect, a moment of truth, because those of you who provide the leadership in the business community have shown enough of a concern to go out and look at the problems firsthand...so now you know at a gut level what it's like to bear the dual burden of being black and poor in Newark in 1968. At the same time, the ghetto community now knows you/^{know,} because they watched in suspicious silence while the tours wound through their neighborhoods. I believe there is an explanation why their suspicion and hostility didn't surface, however, and it is simply that deep down they still have a little faith that those of you more fortunate are willing to make a serious commitment to them and their problems.

They are willing to help in any way they can, out of self-interest. Your personal and corporate self-interest is also involved. At this moment, on this day, we have got to join our resources together, develop a greater understanding of the capabilities and limitations, each of the other...and finally be able to say to all of America that in Newark, we are now committed to walk proud, black and white...and to walk these difficult miles together.

Thank you.